

**PORT OF ORCAS**  
**San Juan County, Washington**  
**January 1, 1992 Through December 31, 1994**

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**Schedule Of Findings**

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1. The Port Should Maintain Proper Record Of All Proceedings And Resolutions

The port did not record minutes of all meetings, approve all minutes, and consistently maintain and secure minutes for all meetings. In addition, the port did not maintain and secure all resolutions passed by the port commissioners. During the years 1992, 1993, and 1994 the port was unable to locate official minutes for 16 meetings known to have occurred and for 13 resolutions passed. Additionally, all board of commissioner meetings occurring after September 16, 1993, were not approved by the signature of the secretary or presiding officer.

RCW 42.32.030 states in part:

The minutes of all regular and special meetings . . . of such boards, commissions, agencies and authorities shall be promptly recorded and such records shall be open to public inspection.

By not maintaining complete and accurate minutes and resolutions the public is denied full disclosure of actions taken by port officials in open public meetings.

Port officials did not appear to understand the importance of recording and securing minutes and resolutions.

We recommend the port record and maintain complete, official and approved minutes of all proceedings, and maintain all approved resolutions.

2. The Port Should Establish Adequate Controls Over Cash Receipts

Our review of the port's cash receipting procedures revealed the following internal control weaknesses:

- a. All payments and fees collected are placed in a file cabinet until the end of the month when they are remitted to the county treasurer.
- b. Receipts used are "rediform" receipts available through any stationary supply store.
- c. Tiedown fees are placed in drop boxes located at the airport and are collected once a week by the only port employee.

Article XI, Section 15 of the Washington State Constitution states in part:

All moneys . . . belonging to or collected for the use of any . . . municipal corporation . . . shall immediately be deposited with the treasurer, or other legal depository to the credit of such city, town, or other corporation respectively, for the benefit of the funds to which they belong.

RCW 43.09.240 provides in part:

Every public officer and employee, whose duty it is to collect or receive payments due or for the use of the public shall deposit such moneys collected or received by him or her with the treasurer of the taxing district once every twenty-four consecutive hours. The treasurer may in his or her discretion grant an exception where such daily transfers would not be administratively practical or feasible.

In addition RCW 43.09.200 states in part:

The accounts shall show the receipt, use, and disposition of all public property, and the income, if any, derived therefrom; all sources of public income, and the amounts due and received from each source; all receipts, vouchers, and other documents kept, or required to be kept, necessary to isolate and prove the validity of every transaction . . . .

By not depositing in a timely manner, the port is increasing the likelihood of loss or misuse of funds. By not receipting all revenues and by using rediform receipts, the validity of each transaction cannot be determined. By having the tiedown fees collected by a single individual, less assurance can be given that all revenues due the port have been received. Without improvements in the internal controls, losses may occur and not be detected in a timely manner, if at all.

The internal control weaknesses noted appear to be due to significant growth at the port over the past several years and a lack of understanding of the importance of appropriate internal controls.

We recommend all moneys be secured prior to deposit and deposits should be made to the county treasurer or other authorized depository agent in a timely manner. We also recommend the port issue official pre-printed, pre-numbered receipts for all moneys received. We further recommend the port establish adequate controls over collection of tiedown fees.



3. The Port Should Comply With Statutory Bidding Requirements

During 1994, 1993, and 1992 the port performed numerous projects without following statutory bid requirements.

- a. During 1993 and 1994 the port had no documentation available of a properly approved small works roster and did not follow other statutory bid requirements.
- b. During 1993 the port purchased a fuel tank from Ace Tank for \$24,665 without using a small works roster or following other statutory bid requirements.
- c. During 1994, 1993, and 1992 the port selectively chose contractors from the undocumented small works roster and without following or documenting proper procedures, documenting quotes/bids received for each project and not posting all contracts awarded under the small works roster as required.
- d. During 1994 the port did not provide adequate documentation for not selecting the lowest bidder for a mowing contract.

RCW 39.04.155 states in part:

Such municipalities may create a single general small works roster, or may create a small works roster for different categories of anticipated work . . . . At least twice a year, the municipality shall publish in a newspaper of general circulation within the jurisdiction a notice of the existence of the roster or rosters and solicit the names of contractors for such roster or rosters.

In addition RCW 53.08.120 states in part:

Each port district shall maintain a small works roster, as provided by RCW 39.04.155, and may use the small works roster process to award contracts in lieu of calling for sealed bids . . . .

Finally, RCW 39.04.200 states in part:

Any municipality that utilizes the small works roster . . . must post a list of the contracts awarded . . . at least every two months.

By not complying with statutory requirements, the port cannot be assured that it obtained the best and most reasonable contracts for purchases of goods and services.

Port officials did not appear to understand statutory bidding requirements.

We recommend the port establish and use a small works roster for all contract work under \$100,000 as required. We also recommend the port document all quotations/bids received and post all contracts awarded under the small works roster regulations. We further recommend adequate documentation be maintained for all contracts not awarded to the lowest bidder.

4. The Port Should Only Pay For Goods And Services Which Have Been Rendered

In 1992 the port paid \$3,000 for a Magnetometer and in 1993 paid \$24,665 for a fuel tank in advance of receiving the goods. Before receiving the tank, the port decided it did not want it after all. Over two years later, with the tank still undelivered, the port managed to sell it at a loss of nearly \$5,000.

RCW 42.24.080 states in part:

All claims presented against any county, city, district or other municipal corporation or political subdivision by persons furnishing materials, rendering services or performing labor, or for any other contractual purpose, shall be audited, before payment, by an auditing officer elected or appointed pursuant to statute . . . Such claims shall be prepared for audit and payment on a form and in the manner prescribed by the division of municipal corporations in the state auditor's office. The form shall provide for the authentication and certification by such auditing officer that the materials have been furnished, the services rendered or the labor performed as described, and that the claim is just, due and unpaid obligation against the municipal corporation or political subdivision; and no claim shall be paid without such authentication and certification . . . . (Emphasis ours.)

By paying for goods and services prior to them being provided, the district has limited its recourse in the event of damaged goods, non-performance of services or in this case, a change of plans. In the case of the fuel tank, the advance payment prohibited the use of port funds for two years without any return and ultimately resulted in the loss \$5,000.

Port officials did not appear to be aware of the applicable regulations or the potential consequences.

We recommend the port only pay for goods and services after they have been received.